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# Tata Steel and Proposed Changes to UK Pensions Legislation- Watching Brief for Insolvency World

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Over the past few months, we have commented on the steel industry crisis and some of the employment law issues arising from it in the context of insolvency.
***UK Government*** recently proposed to assist the British Steel Pension Scheme and its struggling principal employer ***Tata Steel***, one of its primary aims being to avoid entry into the PPF by reducing increases to members' benefits to the statutory minimum (but which would ultimately see those members better off). Such changes would usually require member consents, which logistically and/or conceptually can present real difficulties.

Insolvency practitioners should be aware of this potentially changing landscape. If measures putting more control into the hands of pension trustees are implemented and schemes have a better chance of avoiding being wound up then it may assist a few companies to trade through financial difficulties.

For those insolvency practitioners advising on a company's financial position before a formal insolvency and appraising any restructuring options or improvements to the financial covenant, there may be value in considering if trustees of the pension scheme can implement measures which are not only in the best interests of members but might also help the company as well.

However, as matters stand the Government is only considering implementing special dispensation for large (100,000 member plus) schemes whilst leaving other (equally deserving) schemes without the same tools to manage underfunding issues.

Now is the time to consider a statutory override across the board to allow trustees to implement measures which can help members get a better overall deal; an override which in our view may also add another dimension to the restructuring landscape.



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